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SUBJECT: (C) GERMANY RELUCTANT TO SUPPORT NTI NUCLEAR FUEL BANK INITIATIVE AT THIS TIME

REF: BERLIN 558

Classified By: Global Affairs Unit Chief Don L. Brown for reasons 1.4 (b) and (d).

¶1. (C) In a meeting on June 11, a German MFA official told Global Affairs officer Germany is reluctant to support the Nuclear Threat Initiative (NTI) nuclear fuel bank initiative at this time. The reasons stem from a perceived a lack of interest from Non-Aligned Movement (NAM) countries and an unclear definition of the NTI fuel bank structure.

¶2. (C) Dietrich Becker, the MFA Head of Unit for Nuclear Energy and Non-Proliferation, said before Germany could seriously consider supporting the proposal, "we first need to see real interest from NAM countries." Becker did offer a hint of optimism, noting that at the last Non-Proliferation Treaty (NPT) PrepCom conference in Geneva key NAM countries seemed to be warming to the idea of an international fuel bank. Becker cautioned, however, that Germany feels there is still not enough NAM support for the NTI proposal. Becker said the major sticking point is NAM countries' insistence that no strings be attached to any nuclear fuel supply guarantees that might infringe on countries' NPT rights to pursue peaceful nuclear energy, including all aspects of the fuel cycle. (COMMENT: The German position stems from concerns voiced by some NAM countries (see reftel) who feel "the West" will use control of nuclear fuel supply as a means of political leverage. German officials, including Becker, are well aware the NTI no longer requires countries to forego enrichment and reprocessing. Nonetheless, Germany continues to give NAM concerns more weight than they perhaps deserve. END COMMENT.)

¶3. (C) Becker said the NTI nuclear fuel bank initiative's structure is not yet clearly defined. For instance, he asked, whether the fuel bank will be real, virtual, or purely financial. Becker expressed a preference for storage of "real" nuclear fuel under the control of the International Atomic Energy Agency (IAEA). (COMMENT: This thought is consistent with the philosophy behind German FM Steinmeier's Multilateral Enrichment Sanctuary Project (MESP) proposal, which aims to establish an IAEA-controlled nuclear fuel enrichment facility. END COMMENT.)

¶4. (C) Becker emphasized that in principle Germany is supportive of nuclear fuel assurances but cautioned this path needs to carefully approached, otherwise there will be no forward traction.

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